

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

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R 241836Z SEP 76

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TO SECSTATE WASHDC 3509

LIMITED OFFICAL USE SECTION 01 OF 02 OECD PARIS 28051

E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: IEA: SLT MEETING OF SEPTEMBER 21

1. SUMMARY. SLT AGREED TO PREPARE A NEUTRAL ISSUES PAPER WITH OPTIONS FOR DESCRIBING AND OUTLINING THE MAIN CONTENTIOUS ISSUES RELATING TO NATIONAL OBJECTIVES EXERCISE AND DRAFT A GOVERNING BOARD DECISION POSSIBLY INCLUDING BRACKETS BASED ON LANTZKE PAPER (GB ROOM DOCUMENT NO. 6, SEPTEMBER 21) FOR CONSIDERATION AT MEETINGS OF OCTOBER 14-15 AND NOVEMBER 2-3 BEFORE BEING SUBMITTED TO GB FOR DECISION ON NOVEMBER 8. DELEGATES REVIEWED FAVORABLY SECRETARIAT COAL STUDY AND REMANDED PAPER TO ACCELERATED DEVELOPMENT SUBGROUP WITH INSTRUCTIONS 1) TO REVIEW AND PRIORITIZE THE ELEVEN SUGGESTED COURSES OF ACTION AND MAKE RECOMMENDATIONS FOR SLT TO PASS TO GB, 2) TO ADDRESS IN PAPER TECHNICAL ISSUES RELATING TO COAL AS A SOURCE OF ENERGY, ENVIRONMENTAL CONSTRAINTS AND ECONOMIC ASPECTS DETERMINING PRICE OF COAL, 3) TO CONSIDER PUBLICATION OF REPORT AS IEA TECHNICAL DOCUMENT, 4) TO MAKE RECOMMENDATIONS FOR CERG
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CONSIDERATION, 5) TO CONSIDER FUTURE MEETINGS OF COAL

EXPERTS. THE TEN COUNTRIES WHICH SUBMITTED PROPOSALS FOR IMPLEMENTING THE L-T PROGRAM IN RESPONSE TO U.S. PAPER WERE AFFORDED OPPORTUNITY TO EXPAND UPON SUGGESTIONS. SLT AGREED 1) MOST PROPOSALS HAD ALREADY BEEN CONSIDERED AND UNDERTAKEN (IMPORT DEPENDENCE, NUCLEAR SUB-GROUP, RISK ANALYSIS, INTERFUEL SUBSTITUTION), 2) DELEGATES SUGGESTING NEW LINES OF ENDEAVOR SHOULD ELABORATE PROPOSALS FOR CONSIDERATION AT FUTURE MEETING (DENMARK - NATURAL GAS STUDY, ITALY - NUCLEAR, FINANCING, AND EXPLORATION AND DEVELOPMENT OF NEW PETROLEUM RESERVES AND GERMANY - EFFECT ON IMPORT DEPENDENCE OF VARIOUS PRICES OF ENERGY SOURCES.). ON INTERFUEL SUBSTITUTION SLT AGREED CANADA, AS LEAD COUNTRY, SUPPORTED BY SECRETARIAT, SWEDEN AND OTHER INTERESTED COUNTRIES, WOULD PREPARE PAPER ON INTERFUEL SUBSTITUTION FOR CONSIDERATION AT A FUTURE MEETING. THE PAPER WILL BE BASED ON THE BROAD DEFINITION OF INTERFUEL SUBSTITUTION I.E. (ELECTRIC GENERATION, INDUSTRIAL USE, DISTRICT HEATING) AND COULD RESULT IN A MEETING OF TECHNICAL EXPERTS SUCH AS WAS DONE FOR THE COAL STUDY.
END SUMMARY

2. NATIONAL OBJECTIVES

CHAIRMAN GAVE BROAD-RANGING SUBSTANTIVE RATIONALE FOR NATIONAL OBJECTIVES INCLUDING A) UNACCEPTABILITY OF LTEA PROJECTIONS, B) ENERGY MEASURES WHICH NATIONAL GOVERNMENTS ARE WILLING TO UNDERTAKE TO REVERSE THE TREND TOWARD GREATER DEPENDENCE ON IMPORTED OIL, C) JOINT REINFORCING EFFORTS AS A MORE EFFECTIVE APPROACH THAN NATIONAL EFFORTS ALONE, K) NEED TO ADOPT A PACKAGE OF POLICY MEASURES WITH YARDSTICKS TO MEASURE PROCESS TOWARD COMMON OBJECTIVES (QUANTIFIED WHERE POSSIBLE), E) THE NECESSITY TO BRING POLITICAL ATTENTION TO PROCESS.

IN GENERALLY POSITIVE DISCUSSION, DELEGATES AGREED THAT NEUTRAL ISSUES PAPER DEFING CONTENTIOUS ISSUES MUST FIRST BE DRAFTED BEFORE PROCEEDING TO GB DECISION DOCUMENT. ISSUES IDENTIFIED INCLUDED THE FOLLOWING 1) QUANTITATIVE VS. QUALITATIVE OBJECTIVES (IMPORTS ALONE, DEMAND AND SUPPLY, OR BY ENERGY SECTOR), 2) AGENCY-WIDE VS. NATIONAL, 3) ENFORCED VS. VOLUNTARY, 4) IEA INVOLVE-LIMITED OFFICIAL USE

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MENT VS. COUNTRY DETERMINATION, 5) PUBLICITY VS. CONFIDENTIALITY, 6) REVIEW PROCEDURES TO MONITOR PROGRESS, 7) PERCEPTION OF EXERCISE BY OPEC, NATIONAL PARLIAMENTS, OTHER IEA COUNTRIES, 8) COMPARABILITY VS. TRANSPARENCY OF OBJECTIVES AND 9) SHARES OF REDUCES DEPENDENCE OBJECTIVES FOR EACH COUNTRY 10) MAXIMUM LEVEL IMPORT DEPENDENCE ACCEPTABLE. CHAIRMAN AGREED TO DRAFT ISSUES PAPER WITH OPTIONS FOR MEETING OF

OCTOBER 14-15. GB DECISION DOCUMENT WILL BE BASED ON
ISSUES PAPER AND LANTZKE OUTLINE. CHAIRMAN ALSO
REQUESTED SECRETARIAT TO DRAW UP PAPER FOR EACH COUNTRY
BALANCING ENERGY SUPPLY AND DEMAND (OBTAINED FROM
CONSERVATION AND ACCELERATED DEVELOPMENT REVIEW) FOR
PROJECTED IMPORT DEPENDENCE AND COMPARISON WITH LONG
TERM ENERGY ASSESSMENT PROJECTIONS.

3. COAL STUDY

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ALL COUNTRIES REPORTED FAVORABLY ON SECRETARIAT
COAL STUDY AND RECOMMENDED THE ACCELERATED DEVELOPMENT
SUBGROUP 1) REVIEW AND PUT IN PRIORITY ORDER THE ELEVEN
SUGGESTED COURSES OF ACTION FOR INCREASED COAL
PRODUCTION/USE IN THE IEA; 2) SUGGESTED THE STUDY BE
REVISED TO CONSIDER MORE FULLY THE ECONOMIC ASPECTS OF
COAL, COAL AS AN ENERGY SOURCE, AND ENVIRONMENTAL
CONSTRAINTS IN COAL USE; 3) TO CONSIDER PUBLICATION OF
REPORT AS IEA TECHNICAL DOCUMENT; 4) TO MAKE
RECOMMENDATIONS TO CERD FOR INCREASED EMPHASIS ON COAL
R&D ESPECIALLY RELATING TO TECHNOLOGIES CAPABLE OF EASING

THE ENVIRONMENTAL PROBLEMS OF COAL PRODUCTION AND USE;
5) CONSIDER THE NECESSITY AND FEASIBILITY OF FUTURE
MEETINGS OF COAL EXPERTS. THE ACCELERATED DEVELOPMENT
SUBGROUP WAS GIVEN A DEADLINE OF DECEMBER 1 FOR COMPLE-
TION OF WORK ON THE COAL STUDY. IN ADDITION, THE STUDY
WILL BE PROVIDED ON AN INFORMAL BASIS TO CHAIRMAN DAVIGNON
FOR POSSIBLE USE FOLLOWING PUBLICATION OF THE LTEA. SLT
GENERALLY AGREED 1) MOST COURSES OF ACTION SUGGESTED BY
THE SECRETARIAT COULD BE ADOPTED BUT CERTAIN LANGUAGE
CHANGES MUST BE MADE BEFORE PUTTING THEM IN THE FORM OF
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RECOMMENDATIONS; 2) COMMON ENVIRONMENTAL CODES ARE
IMPRACTICAL; 3) COAL PROJECTS ARE GOOD CANDIDATES FOR
IEA JOINT ENERGY PROJECTS; 4) CLOSER COORDINATION WITH
CERD ON COAL R&D IS NECESSARY AND DESIRABLE.

4. PROPOSALS FOR IMPLEMENTING LONG TERM PROGRAM

TEN COUNTRIES RESPONDED TO U.S. "PROPOSALS FOR
IMPLEMENTING THE LONG-TERM COOPERATION PROGRAM." MOST
OF THE COMMENTS INCLUDED IN THE PAPER WERE SPECIFICALLY
DIRECTED AT THE U.S. PROPOSALS AND HAVE ALREADY BEEN
CONSIDERED (IMPORT DEPENDENCE OBJECTIVES AND THE FORMA-
TION OF A NUCLEAR SUBGROUP). OTHER PROPOSALS SUGGESTED
NEW AREAS FOR COOPERATION/STUDY, SOME OF WHICH ARE
UNDERWAY, E.G. RISH ANALYSIS - SWITZERLAND AND INTERFUEL
SUBSTITUTION - CANADA. NEW PROPOSALS SUGGESTED
INCLUDED: 1) DENMARK - NATURAL GAS INFRASTRUCTURE STUDY,
2) GERMANY - IMPLICATIONS OF PRICE REGULATION ON IMPORT
DEPENDENCE AND 3) ITALY - SUGGESTIONS FOR EXPLORATION AND
DEVELOPMENT OF NEW PETROLEUM RESERVES, FINANCING FOR
ENERGY DEVELOPMENT, AND PROMOTION OF NUCLEAR PROGRAMS.

DENMARK AND GERMANY AGREED TO PROVIDE ELABORATED
PROPOSALS ON THEIR SUGGESTIONS FOR CONSIDERATION AT
FUTURE MEETINGS. AFTER A RAMBLING AND SOMEWHAT
UNINTELLIGIBLE PRESENTATION, IT WAS SUGGESTED ITALY
PURSUE ITS SUGGESTIONS/RECOMMENDATIONS IN THE
APPROPRIATE SUB-GROUPS ON BASIS OF ELABORATED PROPOSALS.

SWITZERLAND ANNOUNCED THAT FIRST MEETING OF EXPERTS
ON RISK ANALYSIS WILL BE HELD IN BERN IN LATE
NOVEMBER/EARLY DECEMBER.

IN RESPONSE TO GERMAN QUERIES, U.S. MADE AVAILABLE
FEDERAL REGISTER NOTICE ON SOLICITING COMPANIES INTEREST
IN IEA JOINT ENERGY PROJECTS.

5. INTERFUEL SUBSTITUTION

THE CANADIANS SUGGESTED THAT ANALYSIS IS NEEDED OF
TECHNOLOGICAL AND ECONOMIC PARAMETERS AFFECTING
1) DISPLACEMENT OF OIL IN END-USE MARKETS WITH NATURAL
GAS, COAL, AND ELECTRICITY, 2) DISPLACEMENT OF OIL AND

NATURAL GAS IN THE INTERMEDIATE ELECTRICAL GENERATION MARKET, AND 3) THE EXTENT AND RAPIDITY OF MARKET FORCES TOWARD REALIZATION OF OIL DISPLACEMENT POTENTIAL. THE LIMITED OFFICIAL USE

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PAPER ALSO RECOMMENDS AN EXAMINATION OF THE EFFICIENCY OF GOVERNMENT POLICY OPTIONS IN ALLEVIATING INSTITUTIONAL CONSTRAINTS.

ALL COUNTRIES, WITH THE EXCEPTION OF GERMANY, AGREED THAT THE CANADIAN PROPOSAL WAS TIMELY, NECESSARY, PRACTICAL AND SHOULD RESULT IN POLICY RECOMMENDATIONS. DELEGATES RECOMMENDED THAT SUCH A STUDY SHOULD BE BASED ON THE BROAD DEFINITION OF INTERFUEL SUBSTITUTION AND INCLUDE ELECTRIC GENERATION, INDUSTRIAL USE, AND DISTRICT HEATING. CANADA AGREED TO BE THE "LEAD COUNTRY" IN THE STUDY, SUPPORTED BY SECRETARIAT, SWEDEN AND THE INTERESTED COUNTRIES. THIS GROUP WILL DRAFT A PAPER WHICH COULD RESULT IN A FUTURE MEETING OF EXPERTS FROM THE ELECTRICITY SECTOR. TURNER

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